

OFFICE OF AUDIT AND CONTROL
City of Albany



Utility, Internet & Cellphone Usage Audit

August 2021

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EXECUTIVE SUMMARY

Background

The City of Albany (City) is responsible for managing a large portfolio of utility accounts, including 904 electric and gas accounts, nine solar accounts, 98 internet accounts, and 118 telephone and data accounts equivalent to 8,368 telephone and data lines. During the audit period of January 1, 2016 to December 31, 2020, the City's utility (including energy, internet, and cellphone) billings totaled \$26,336, 259.45. Currently, oversight of utility accounts and their associated usage and billing is decentralized. Employees across various departments share the responsibility of managing energy accounts whereas the City's Information Technology (IT) department manages internet and cellphone accounts, excluding accounts associated with the Albany Police Department (APD), which are managed by APD. A representative in the Office of Audit and Control (OAC) is responsible for processing utility billing for all 1,129 utility accounts. Historical and current threats of service interruption, excessive carryover balances and confusion over the point-of-contact and roles and responsibilities for utility related questions prompted OAC to initiate an audit of these services' usage and management practices.

Objectives and Methodology

The audit was designed to achieve the following:

- Assess utility usage, including energy, internet, and cellphone and management practices to identify potential waste and organizational gaps;
- Collect and analyze data related to departments' formal and informal processes, policies and practices for acquiring new and enhanced utility services; and
- Provide recommendations to improve efficiencies and minimize costs when managing utility accounts.

Our audit included a review of survey data and interviews with City department staff, and analysis of utility invoices, Board of Estimate and Apportionment (E&A) approved agendas, and New World System Enterprise Resource Planning Software (ERP) reports and inquiries.

Findings

We found:

- City departments are not engaged in the monitoring and management of utilities to the extent needed, resulting in a track record of delayed utility payments, ongoing disruption of service notices and an instance of a disruption to an emergency service.
- The process of adding and upgrading service lines is not standardized across City departments resulting in ambiguity with the management of accounts.
- City departments do not possess a thorough understanding of how to access information pertaining to their utility accounts.
- While a majority (71%) of City departments were able to stay within their respective utility budget during the audit period, 29% needed substantial budget modifications (18 budget transfers, totaling \$378,451) to pay for utility expenses.
- City departments are unclear of the established protocols for collecting City-issued devices such as cellphones, tablets, and/or laptops upon an employee's termination or retirement.
- The majority of departmental staff stated they were unaware that the City hired an Energy Manager and as a result are unclear of the Manager's role.
- The City continued to pay all operating expenses, including utilities, through 2020, for a building (45 Lark Street) it owns but does not occupy despite findings and recommendations cited in a 2018 OAC audit report.

BACKGROUND

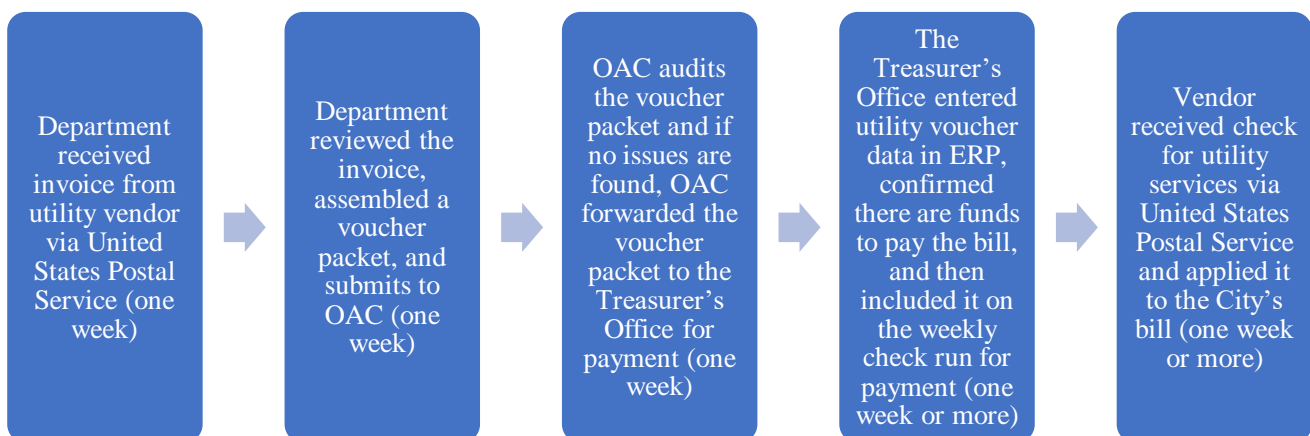
In late July 2020, OAC formally announced its intent to audit the City’s utility usage and management. A letter of engagement was sent to the Mayor’s Office detailing the audit’s intent, scope and methodology. Following the engagement letter, OAC facilitated a presentation on the audit to the Mayor’s Office and Office of Administrative Services. For the purpose of this audit, utilities refer to energy (gas, electric and solar), internet and cell phone/landline services provided to the City of Albany. Usage refers to the amount charged based on the actual use of the product or service. Management of utilities is the act of monitoring monthly expenses, verifying invoices, and deciding when to add, remove, consolidate or upgrade services.

Historically, the City has experienced challenges managing its utility accounts. Consequently, service disruption could have a detrimental impact on the City and its population. The City’s workforce, consisting of 17 departments and 1,431 employees, work in tandem to provide quality of life services on behalf of City residents. The City’s population of 97,951 increases by 67% each day during the work week. As a result, the City’s reliance on such utilities cannot be understated as these resources are vital to meet the needs of residents, local businesses, non-profit organizations, and state and local government.

Utility Billing Voucher Process

Prior to 2018, the utility billing process matched the City’s normal voucher process for payment of goods or services. After receiving a good or service from a vendor, the department is billed for said good or service. Once the department receives a formal invoice, the invoice is reviewed for accuracy by a department employee and assembled into a voucher packet (Figure 1). An average voucher packet consists of an invoice, necessary supporting documentation (i.e., quote, contract and/or email thread), and a voucher cover page. Once an authorized department manager has approved the voucher packet, it is forwarded to OAC for review and auditing. The OAC audit process consists of a pre-audit of the voucher and final review and approval by the Deputy Chief City Auditor or Chief City Auditor. Once OAC reviews and approves the voucher packet, it is forwarded to the Treasurer’s Office for processing and payment. With respect to utilities, the voucher process allowed for multiple tiers of review before payment was made, however, the process could be lengthy and sometimes resulted in accounts being several months behind in payment.

Figure 1. City of Albany Utility Billing Process, Pre-2018



In 2018, in an attempt to prevent late fees, late payments and service interruption, a Junior Analyst (Analyst) was hired in OAC to centralize the City's processing of utility billing. This action required departments to either forward their utility invoices to the Analyst or re-designate the Analyst as the point-of-contact for payment processing. As a result, the Analyst now receives monthly utility invoices directly, transcribes the necessary data, tracks usage metrics, and generates the required voucher packet for payment. Once the voucher is created, OAC ensures the appropriate general ledger (G/L) account is being used and there is adequate funding. The voucher packet is scanned into the shared work drive in the event of there being a need for any additional metrics not shown on payment vouchers. This also serves as documentation when resolving payment disputes with vendors if necessary. The Analyst submits the voucher packet for final approval to OAC management, and then, to the Treasurer's office for payment. OAC currently processes the billing for 1,129 utility accounts.

Removing the departments' review of invoices and assembling voucher packets for utilities improved the payment turnaround time from six or more weeks to four weeks. Additionally, there have been savings and refunds totaling roughly \$129,000 due to the Analyst's bill processing and reconciliation efforts. Despite these improvements, the City continues to experience gaps in departmental oversight of utility usage and billing, resulting in missed utility payments and excessive late fees from third-party vendors and notices of utility cancellations. In one instance, chronic late payments and failure to pay resulted in service disconnection. This audit report addresses the challenges identified through a combination of survey results, interviews, utility invoices, ERP inquiries, and a review of approved E&A budget transfers.

Utility Usage

The following chart summarizes utility expenses during the audit period of January 1, 2016 to December 31, 2020. Data was obtained from the ERP Accounts Payable Report, which tracks all monthly expenses accrued. The G/L account associated with Street Lighting makes-up the majority (61%) of the total utility expenses during the audit period.

Figure 2. City of Albany Utility Usage (Annual Cost), by G/L Accounts, 2016-2020

Department	Monolith Solar	Constellation	Firstlight	National Grid	Direct Energy	Recovery Solar	Spectrum	Verizon Business	Verizon Wireless
Albany Community Development Agency			\$104,789.46	\$4,215.81					\$9,623.31
Albany Fire Department		\$50,399.43	\$100,756.49	\$415,287.67	\$153,847.29		\$31.74		\$91,371.22
Albany Police Department		\$104,102.26	\$1,285,639.21	\$1,321,471.76	\$133,829.61		\$8,287.19	\$190.04	\$654,094.06
Buildings & Regulatory Compliance									\$40,740.08
Center Data Processing			\$18,000.00						
Corporation Counsel							\$3,060.88		
Department of General Services	\$212,857.78	\$185,148.07	\$580,996.67	\$1,230,429.79	\$324,155.32	\$19,983.72	\$3,944.18		\$201,727.06
Department of Recreation	\$4,435.12	\$2,820.92	\$33,823.62	\$91,177.05					\$30,551.55
Landfill – Waste Disposal	\$28,592.06	\$41,900.18		\$221,356.64					
Public Works – Capital Hills at Albany	\$9,360.42	\$19,236.42		\$145,091.50	\$23,771.29		\$1,624.87		
Recreation Operation	\$18,374.46	\$29,251.33		\$295,931.82	\$45,462.46		\$1,289.74		
Recreation Program		\$84.38		\$4,534.92			\$4,877.08		\$10,390.29
Street Lighting		\$352,710.03		\$15,669,029.71					
Water Adminstration		\$175,635.31	\$213,080.26	\$1,230,774.73	\$79,699.40		\$17,458.02		\$191,877.57
Youth & Workforce Services			\$76,510.39						\$6,565.81
TOTAL	\$273,619.84	\$961,288.33	\$2,413,596.10	\$20,629,301.40	\$760,765.37	\$19,983.72	\$40,573.70	\$190.04	\$1,236,940.95
GRAND TOTAL	\$26,336,259.45								

SOURCE: ERP accounts payable by G/L distribution reports

OBJECTIVES, SCOPE AND METHODOLOGY

On June 12, 2020, OAC disseminated a confidential survey to City department heads to assess their understanding of their respective department's utility usage and process to verify utility expenses, and whether they have a designated point-of-contact, who provides oversight of usage and expenses. Eleven of the 14 surveys disseminated were completed. Results from the survey indicated a general lack of knowledge related to the utility voucher process, usage and oversight among department heads.

Objectives:

The audit was designed to accomplish the following:

- Assess utility usage, including energy, internet, and cellphone and management practices to identify potential waste and organizational gaps;
- Collect and analyze data related to departments' formal and informal processes, policies and practices for acquiring new and enhanced utility services; and
- Provide recommendations to improve efficiencies and minimize costs when managing utility accounts.

Scope:

The audit encompassed utility transactions from January 1, 2016, through December 31, 2020. During this audit period, the City's utility billings totaled \$26,336,259.45.

Methodology:

To develop a comprehensive understanding of utility management practices among City departments, OAC employed the following audit approach:

- OAC identified City departments that play a role in managing utility services. For the purposes of this audit, utility management includes monitoring monthly expenses, verifying invoices, and deciding when to add, remove, consolidate or upgrade services. Some departments are not responsible for these actions. For example, while the Law Department uses utility services, because they are housed at City Hall, the Department of General Services (DGS) is responsible for managing those utility services.
- OAC developed and disseminated a confidential survey to the 14 City department heads that were identified as playing a role in the management of utility services. The survey broadly assessed each department's knowledge of utility usage and oversight of the utility process. Survey results were used to determine whether a formal audit was warranted.
- OAC developed a key informant interview script, consisting of 10 questions. Interviews were conducted with department heads and/or designated employees from the following departments: DGS, APD, AFD, Department of Planning and Development (Planning), IT, Youth & Workforce Services, Department of Recreation (REC), the Treasurer's Office, and the Water Department. Interviews were 60 minutes in length and administered via Zoom. OAC followed-up with interviewees via email with additional questions or points of clarification needed.
- To substantiate information obtained from interviews, OAC examined utility invoices and approved E&A budget transfers for the audit period. In addition, OAC conducted utility invoice reports on ERP to determine annual utility expenses during the audit period.

FINDINGS AND RECOMMENDATIONS

Utility Billing Issues

Finding 1.0: City departments are not engaged in the monitoring and management of utilities to the extent needed, resulting in a track record of delayed utility payments, ongoing disruption of service notices and an instance of a disruption to an emergency service. Over the years, the City has received an abundance of formal notices of payment delinquency, disruption in service notices and threats of account transfers to collection agencies. In at least one instance, a vendor disconnected the City's account for emergency service devices that monitor and transmit vital health data to hospitals. While OAC handles the processing of utility bills, City departments are responsible for monitoring their respective utility accounts and expenses and ensuring services have been received and paid for. Nearly all (80%) City department survey respondents indicated they do not have someone within their department responsible for the oversight of utility usage and 70% indicated they do not have someone within their department responsible for monitoring expenses related to utilities. Lack of a hands-on approach by City departments can result in missed or late payments, notices of utility cancellation, and in some instances utility disconnection.

Case Study One:

In June 2019 the City purchased streetlights from National Grid in order to save money on the lease costs of these streetlights. In May 2019, the City contacted National Grid in preparation of making post-closing changes to the streetlight billing accounts following this streetlight purchase. National Grid recommended consolidating all of these accounts into one energy-only account after the streetlight sale was finalized. However, National Grid had a software limitation in their billing system that blocks them from billing more than 2,000,000 kWh of connected wattage. Therefore, National Grid had to break the energy-only accounts into three accounts based upon the alphabetical name of the streets. Unfortunately, seventeen accounts were overlooked during the consolidation and went unpaid. From June 2019 through December 2020, these 17 National Grid accounts went unpaid for over one year resulting in an outstanding balance of \$631,962.64. National Grid was preparing to terminate service. The City was made aware of the past due amount when they received disconnection notices in October 2020. Documentation was not available, so it's unclear whether the City failed to include the 17 accounts in their original list of accounts to consolidate or if National Grid unintentionally excluded them.

Case Study Two:

The City has an account with Verizon for emergency service devices that monitor and transmit vital health data to hospitals. On April 29, 2019, Verizon disconnected the City services due to nonpayment on an account for more than 180 days. Disconnection of emergency service lines poses a safety hazard and is illegal. Verizon failed to label the account as "emergency services" and consequently disconnected the service. The City's practice is only to pay current charges as shown on an invoice, and if there is no invoice, it is not paid. The Analyst in OAC made several attempts to get copies of the invoice from Verizon to correct the balance. Unfortunately, the City received no response and was disconnected after more than four months of attempts to rectify the issue. In an effort to prevent future disconnections, the City had Verizon label the account as an emergency service line.

Recommendation 1.0: Identify a primary and back-up contact for each department, who will be responsible for the oversight and management of their department's utilities. The primary contact for each department should work in partnership with a City employee(s) hired or designated (e.g. Utility Project Manager) to manage utilities in a centralized fashion across departments. The department point-

of-contact should work in partnership with the Utility Project Manager to monitor and verify expenses, identify the need for new service lines and recommend opportunities to streamline the voucher processes and find savings.

Recommendation 1.1: Hire a full-time employee (Utility Project Manager), whose primary responsibility is managing and providing oversight to the City's utility, internet, and cellphone services in partnership with employees across departments.

Recommendation 1.2: Develop a formal quality control review process to help identify missed payments and staff training needs. The formal process would also ensure all parties involved in the processing of vouchers are alerted of any account additions, deletions, consolidations or upgrades.

Finding 2.0: The process of adding and upgrading service lines is not standardized across City departments resulting in ambiguity with the management of accounts. Despite OAC's current role in assembling the utility bills for departments, OAC staff are not involved or alerted by departments creating, removing or upgrading a service line. This lack of communication between City departments and OAC results in missed or late payments.

Case Study Three:

In October 2020, OAC identified three National Grid accounts that use Constellation as an energy supplier that went unpaid for nine months, resulting in an outstanding balance of \$112,115.24. The three accounts were established after the June 2019 streetlight purchase to reflect LED conversions, reduced wattage and energy consumption. In a review of correspondences and paid invoices, OAC determined that these streetlight accounts were created post-sale, post-bill consolidation, and invoices were not generated for the accounts until February 2020. Constellation began supplying the accounts roughly around May 2020. Documentation was not available to confirm which City department staff made the decision to utilize Constellation as a third party energy supplier or how the City established this service. The Analyst in OAC was not made aware of the creation of these accounts and therefore could not identify the three accounts were missing from the more than 500 utility invoices received monthly. In November 2020, the City's Budget Director met with National Grid and established a repayment plan for the outstanding balance.

Recommendation 2.0: Develop a standardized process to add or upgrade service lines for all departments. Standardizing this process through the development of a formal policy would decrease the potential for ambiguity and clearly establishes a formal process for department staff when adding or upgrading service lines.

Recommendation 2.1: Annual utility expense trend reports should be generated and reviewed to inform departmental budget expenses and the need for adding or removing accounts.

Recommendation 2.2: In the absence of a hired Utility Project Manager, processing of utility bills should be a collaboration between OAC and City departments' point of contacts. A comprehensive and accurate record of utilities should be maintained, including when service accounts are opened and by whom. OAC or the department's point of contact who is responsible for processing utility bills should be notified when a new account is created, disconnected, consolidated or upgraded.

Finding 3.0: City departments do not possess a thorough understanding of how to access information pertaining to their utility accounts. According to the survey results, 70% of departmental staff do not know how to access information pertaining to their energy accounts and 50% do not know how to access information regarding their department's internet and cellphone accounts.

Recommendation 3.0: Each City department’s point of contact should be trained on how to access their utility accounts and monitor usage and service payments. Vendors such as Verizon and Constellation have shared an interest in providing training via webinars on accessing account information and running utilization reports. In the absence of a hired Utility Project Manager, a designated city employee should coordinate these trainings for designated employees in each department managing utilities.

Utility Usage

Finding 4.0: While a majority (71%) of City departments were able to stay within their respective utility budget during the audit period, 29% needed substantial budget modifications to pay for utility expenses. In reviewing E&A approved budget transfers during the audit period, OAC found 18 budget transfers totaling \$378,451 to cover utility expenses in excess of budgets (Figure 3). Although budget modifications are necessary to navigate unforeseen circumstances, steps should be taken to limit consistent budget transfers for expenses that can be projected.

Recommendation 4.0: Staff designated to manage utilities in each department should meet with a representative in the Budget department and City Energy Manager on a quarterly basis to review expense trends from previous quarters to better understand utility utilization.

Figure 3. Board of Estimate & Apportionment Approved Budget Transfers, 2016*-2020

2017-2020 Board of Estimate & Apportionment Approved Budget Transfers					
Department	Year	G/L	G/L Name	E&A	Amount
Water	2017	BW.8310.7420	Utilities	12/19/17	\$15,000.00
Water	2017	BW.8330.7420	Utilities	12/19/17	\$25,000.00
Water	2018	BW.8330.7420	Utilities	5/8/18	\$721.00
Water	2018	BW.8310.7420	Utilities	5/8/18	\$3,629.00
Water	2019	BW.8310.7420	Utilities	8/20/19	\$50,000.00
DGS	2019	A.1491.1490.7420	Utilities	10/8/19	\$1,276.00
DGS	2019	A.1491.1490.7420	Utilities	11/5/19	\$25,000.00
Rec	2019	A.7180.0700.7420	Utilities	12/17/19	\$5,750.00
APD	2019	A.3120.7230	Utilities	2/4/20	\$8,645.00
APD	2019	A.3120.3020.7421	Telephone Communication	2/4/20	\$74,600.00
APD	2019	A.3120.7420	Utilities	2/7/20	\$8,645.00
DGS	2019	A.1491.1490.7420	Utilities	2/21/20	\$17,102.00
APD	2019	A.3120.7420	Utilities	2/21/20	\$3,083.00
Rec	2020	A.7140.0300.7421	Telephone Communication	2/21/20	\$1,000.00
DGS	2020	A.1491.1490.7420	Utilities	3/3/20	\$30,000.00
APD	2020	A.3120.3020.7421	Telephone Communication	11/3/20	\$37,000.00
Water	2020	BW.8310.7420	Utilities	11/3/20	\$20,000.00
APD	2020	A.3120.3020.7421	Telephone Communication	12/8/20	\$52,000.00
TOTAL					\$378,451

*There were no utility related budget transfers submitted for the year 2016.

Note: Larger departments have multiple utility accounts. In some instances, utility accounts that are well within budget are re-allocated to make-up for another utility account that accrues expenses beyond its respective budget.

SOURCE: Approved E&A budget transfers and meeting agendas

Device Procedures and Protocols

Finding 5.0: City departments are unclear of the established protocols for collecting City-issued devices such as cellphones, tablets and/or laptops upon an employee's termination or retirement.

The City's IT Policy-Employee Termination provides clear guidance on electronic access and disposition of resources associated with an employee at the time of their termination from the City. The policy notes that in the case of involuntary termination or termination that may be deemed as not in good-will, it is the responsibility of the departing employee's supervisor to submit a help desk ticket, and in coordination with Human Resources, follow up with the Chief Information Technology Officer ideally prior to, or at worst case immediately at the time of termination, to mitigate any loss of or damage to IT resources. Additionally, in the case of voluntary or good-will termination, IT staff disable the leaving employee's account based on notification from the department employee's supervisor via the help desk ticketing system. In both cases, IT resources are configured after termination according to instructions provided by the employee's supervisor on the Information Services Termination Checklist. However, the current Information Services Termination Checklist does not include a field to document an employee's possession of a City-issued cellphone, tablet and/or laptop.

Recommendation 5.0: To ensure all City-issued equipment is returned upon separation from employment, the City should modify the existing Information Services Termination Checklist to explicitly collect information from an employee's supervisor as to the employee's possession of a cellphone, tablet and/or laptop. Additionally, the section should provide guidance on next steps, such as how to return the device to IT, how to re-allocate the device to another employee, or how to store the device for a future hire without accruing service charges. In situations where an employee's termination is effective immediately, the employee's buyout should be withheld until the checklist is completed and all City-issued property is returned or fully reimbursed.

Energy Manager

Finding 6.0: The majority of departmental staff stated they were unaware that the City hired an Energy Manager and as a result are unclear of the Manager's role. In 2020, the City hired a full-time Energy Manager to oversee major energy efficiency and sustainability projects. The subject matter expertise provided by this position may be currently underutilized in the planning of efficient and sustainable utility options across departments.

Recommendation 6.0: The Energy Manager should contact each of the City departments' point of contacts for utility management as a means of formal introduction and to discuss roles and responsibilities. The Energy Manager should also be invited to attend quarterly meetings with the department's point of contact for utility management, a Budget Department representative and the Utility Project Manager (if hired). These quarterly meetings should entail discussions on energy utilization and opportunities to reduce costs and expand sustainable energy options such as solar power.

45 Lark Street – Trinity Alliance

Finding 7.0: The City continued to pay all operating expenses, including utilities, through 2020, for a building (45 Lark Street) it owns but does not occupy despite findings and recommendations cited in a 2018 OAC audit report. When this audit was initiated, the City was paying utility expenses for Trinity Alliance Inc., a nonprofit organization occupying 45 Lark Street, a City-owned building. This property was formally occupied as a City firehouse. According to City records, the building has not been used by AFD for over 30 years. The City never established a formal agreement for Trinity Alliance to

occupy the property nor a mechanism to collect rent. As a result, the City has been paying all operating, including utility, expenses since 2016 that total over \$66,000 (Figure 4), without seeking reimbursement from Trinity Alliance. Furthermore, Trinity Alliance did not have the City listed as an additional insured party on its liability and property insurance policies. In an audit initiated and completed by OAC in 2018, recommendations were included to address these issues.

In October 2020, while completing this audit, OAC contacted the City's Department of Administrative Services (Administrative Services) to follow-up on the 2018 audit recommendation and the steps taken by the City in response. Specifically, OAC inquired about whether a formal agreement for Trinity Alliance to occupy the property was executed and the mechanism to collect rent or reimburse the City for paid utility expenses. According to OAC records, the City was still paying all associated utility expenses without documented reimbursement from Trinity Alliance. In November 2020, Administrative Services notified OAC of the continued negotiations with Trinity Alliance to establish a formal agreement.

As of February 2021, the City executed a lease agreement with Trinity Alliance. Per the agreement, Trinity Alliance is now responsible for 30% of all monthly utility services dating back to January 1, 2021 and maintaining commercial general liability insurance and statutory workers' compensation insurance with the City named on the policy.

Figure 4. Trinity Alliance Expenses Paid by the City of Albany, 2016-2020

Vendor	2016	2017	2018	2019	2020
National Grid	\$9,216.09	\$12,701.25	\$9,804.53	\$5,003.20	\$3,750.24
Constellation				\$2,702.84	\$1,788.46
Direct Energy Business	\$1,417.74	\$1,426.94	\$2,855.95	\$2,310.71	\$279.62
James D Warren and Son Inc.	\$ 310.00	\$1,144.34	\$11,996.19		
Amazin Glass		\$270.00			
Red Hawk Fire & Security			\$291.60		
Total	\$10,943.83	\$15,542.53	\$24,948.27	\$10,016.75	\$5,818.32

SOURCE: Invoices and ERP reports

In addition to 45 Lark Street, two other properties were identified during City department interviews in which a non-City entity may be occupying City property. OAC contacted several City departments and Albany County Clerk's Office and based on information provided, confirmed that the two properties in question were either no longer City property or did not house a non-City entity.

Recommendation 7.0: The City should ensure that all City owned property occupied by non-City tenants have a formal contractual agreement with appropriate liability insurance coverage. Additionally, the City should institute a mechanism to track and annually review all City owned properties, utility services at each property, G/L account information, and whether the space is occupied by a non-City entity.

APPENDIX A: DEPARTMENT OF ADMINISTRATIVE SERVICES RESPONSE



CITY OF ALBANY
DEPARTMENT OF ADMINISTRATIVE SERVICES
24 EAGLE STREET
ALBANY, NEW YORK 12207
TELEPHONE (518) 434-5078

KATHY M. SHEEHAN
MAYOR

RACHEL MCENENY
COMMISSIONER OF ADMINISTRATIVE SERVICES

MEMORANDUM

TO: Dr. Dorcey Applyrs, Chief City Auditor
FROM: Rachel McEneny, Commissioner of Administrative Services
DATE: September 13th, 2021
RE: Audit of Utility, Internet, and Cellphone Usage

The Department of Administrative Services would like to thank the Chief City Auditor and her staff for their recent "Utility, Internet, and Cellphone Usage Audit" and the thoughtful recommendations contained within it. The audit has been reviewed by leadership, as well as representatives from the Offices of Budget, Information Technology, and Sustainability.

In general, we support OAC's efforts at transparency in City energy usage and billing. To that end, the Office of Sustainability has initiated several projects aimed at tracking energy use City-wide. The New York Energy Manager -- a platform hosted by NYPA -- allows the City to track real-time energy usage at 11 buildings. Those buildings have had "smart meters" installed that allow the City to track electricity use at our largest buildings. In addition, the FY2022 budget proposal includes a line item NYEM subscription that would link all non-traffic and street light accounts to NYEM, automatically pulling monthly billing data and presenting it graphically. Finally, the City has contracted with NYPA to provide energy audits at all 27 City-owned buildings greater than 2,000 square feet. The recommendations from these audits will include facilities upgrades necessary to lower our energy usage and therefore lower our energy bills.

In addition to these general programs to monitor energy usage, below please find our responses to the Audit's specific findings and recommendations.

Sincerely,

Rachel McEneny
Commissioner, Administrative Services
City of Albany, New York

Finding No. 1

City departments are not engaged in the monitoring and management of utilities to the extent needed, resulting in a track record of delayed utility payments, ongoing disruption of service notices and an instance of a disruption to an emergency service.

- a) **Recommendation 1.0:** Identify a primary and back-up contact for each department, who will be responsible for the oversight and management of their department's utilities. The primary contact for each department should work in partnership with a City employee(s) hired or designated (e.g. Utility Project Manager) to manage utilities in a centralized fashion across departments. The department point-of-contact should work in partnership with the Utility Project Manager to monitor and verify expenses, identify the need for new service lines and recommend opportunities to streamline the voucher processes and find savings.

Department of Administrative Services "DAS" Response: The Department supports this recommendation. Efforts at better communication, streamlining of the voucher process and identifying energy savings should be supported.

- b) **Recommendation 1.1:** Hire a full-time employee (Utility Project Manager), whose primary responsibility is managing and providing oversight to the City's utility, internet, and cellphone services in partnership with employees across departments.

DAS Response: The Department of Administrative Services supports this recommendation, and notes that Recommendation 1.1 has already been accomplished. On page 4 of this Audit, OAC writes, "In 2018, in an attempt to prevent late fees, late payments and service interruption, an Accountant Analyst (Analyst) was hired in OAC to centralize the City's processing of utility billing." It is our understanding that this position was created to solve some of the problems outlined in this Audit relating to the management of the City's utility bills. It should be noted that the DAS does not currently have the capacity to process utility vouchers.

- c) **Recommendation 1.2:** Develop a formal quality control review process to help identify missed payments and staff training needs. The formal process would also ensure all parties involved in the processing of vouchers are alerted of any account additions, deletions, consolidations, or upgrades.

DAS Response: DAS supports improving quality control for utility management, as well as increased training of staff. We are interested to hear what such a formal process would look like, and look forward to further conversations with OAC as to the details of such a proposal.

Finding No. 2

The process of adding and upgrading service lines is not standardized across City departments resulting in ambiguity with the management of accounts.

- a) **Recommendation 2.0:** Develop a standardized process to add or upgrade service lines for all departments. Standardizing this process through the development of a formal policy would decrease the potential for ambiguity and clearly establish a formal process for department staff when adding or upgrading service lines.

DAS Response: The Department supports standardizing the process for changes to service lines citywide.

- b) **Recommendation 2.1:** Annual utility expense trend reports should be generated and reviewed to inform departmental budget expenses and the need for adding or removing accounts.

DAS Response: The Department supports the creation of annual expense trend reports for each utility, and recognizes that the current OAC Accountant Analyst position is perfectly positioned to accomplish this task unless and until a Utility Project Manager position is created.

- c) **Recommendation 2.2:** In the absence of a hired Utility Project Manager, processing of utility bills should be a collaboration between OAC and City departments' point of contacts. A comprehensive and accurate record of utilities should be maintained, including when service accounts are opened and by whom. OAC or the department's point of contact who is responsible for processing utility bills should be notified when a new account is created, disconnected, or upgraded.

DAS Response: We support OAC's recommendation that improved communication between Departments and OAC is desirable in order to maintain accurate records of utility accounts.

Finding No. 3

City departments do not possess a thorough understanding of how to access information pertaining to their utility accounts.

- a) **Recommendation 3.0:** Each City department's point of contact should be trained on how to access their utility accounts and monitor usage and service payments. Vendors such as Verizon and Constellation have shared an interest in providing training via webinars on accessing account information and running utilization reports. In the absence of a hired Utility Project Manager, a designated city employee should coordinate these trainings for designated employees in each department managing utilities.

DAS Response: We support better education of City staff to improve staff's ability to monitor utility usage and payments. Given that the current OAC Accountant Analyst is most familiar with the various utility billing platforms, they would be best positioned to provide such training until and unless a dedicated Utility Project Manager position is created.

Finding No. 4

While a majority (71%) of City departments were able to stay within their respective utility budget during the audit period, 29% needed substantial budget modifications (18 budget transfers, totaling \$378,451) to pay for utility expenses.

- a) **Recommendation 4.0:** Staff designated to manage utilities in each department should meet with a representative in the Budget department and City Energy Manager on a quarterly basis to review expense trends from previous quarters to better understand utility utilization.

DAS Response: The budget modifications referred to above are a common practice, and while the cost of individual accounts may fluctuate, it is important to note that the overall energy budget for the City is on track. That said, we agree with Audit that periodic meetings between the Office of Budget, Office of Sustainability, and large Departments would be useful, both to review utility expenses and energy usage. Quarterly meetings, however, may be excessive. An annual review may be more productive. It may also be productive to involve National Grid in some of these meetings.

Finding No. 5

City departments are unclear of the established protocols for collecting City-issued devices such as cellphones, tablets, and/or laptops upon an employee's termination or retirement.

- a) **Recommendation 5.0:** To ensure all City-issued equipment is returned upon separation from employment, the City should modify the existing Information Services Termination Checklist to explicitly collect information from an employee's supervisor as to the employee's possession of a cellphone, tablet and/or laptop. Additionally, the section should provide guidance on next steps, such as how to return the device to IT, how to re-allocate the device to another employee, or how to store the device for a future hire without accruing service charges. In situations where an employee's termination is effective immediately, the employee's buyout should be withheld until the checklist is completed and all City-issued property is returned or fully reimbursed.

DAS Response: We support this recommendation relating to City-issued equipment. At the direction of the City Auditor, the Office of Information Services will modify the existing Information Services Policy and Checklist to explicitly collect information from employee's supervisors and will include guidance on returning of City devices to IT for proper security cleaning before re-allocation to another employee. This policy will be updated and distributed before November 1st, 2021.

Finding No. 6

The majority of departmental staff stated they were unaware that the City hired an Energy Manager and as a result are unclear of the Manager's role.

- a) **Recommendation 6.0:** The Energy Manager should contact each of the City departments' point of contacts for utility management as a means of formal introduction and to discuss roles and responsibilities. The Energy Manager should also be invited to attend quarterly meetings with the department's point of contact for utility management, a Budget Department representative and the Utility Project Manager (if hired). These quarterly meetings should entail discussions on energy utilization and opportunities to reduce costs and expand sustainable energy options such as solar power.

DAS Response: We support greater collaboration between the Office of Sustainability and the various Departments. Once the Departments have identified a point of contact on utility matters (as suggested in Recommendation No. 4.0), DAS supports periodic meetings between the Office of Sustainability, the Office of Budget, departmental liaisons and the Utility Project Manager if that position is created.

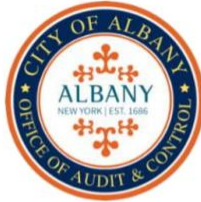
Finding No. 7

The City continued to pay all operating expenses, including utilities, through 2020, for a building (45 Lark Street) it owns but does not occupy despite findings and recommendations cited in a 2018 OAC audit report.

- a) **Recommendation 7.0:** The City should ensure that all City owned property occupied by non-City tenants have a formal contractual agreement with appropriate liability insurance coverage. Additionally, the City should institute a mechanism to track and annually review all City owned properties, utility services at each property, G/L account information, and whether the space is occupied by a non-City entity.

DAS Response: We agree that such tracking is necessary and support the recommendation.

APPENDIX A: OFFICE OF AUDIT AND CONTROL RESPONSE



**CITY OF ALBANY
OFFICE OF AUDIT AND CONTROL**
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MEMORANDUM

To: Rachel McEneny, Commissioner of Administrative Services

From: Dr. Dorcey Applyrs, Chief City Auditor

Date: September 24, 2021

RE: Department of Administrative Services' Formal Response to Utility, Internet, and Cellphone Usage Audit

The Office of Audit and Control (OAC) would like to thank City leadership and representatives from the Offices of Budget, Information Technology, and Sustainability for their continued cooperation throughout the audit process.

We acknowledge and applaud the following steps the Office of Sustainability has taken in initiating several projects aimed at tracking and lowering energy use City-wide:

- Utilizing the New York Energy Manager (NYEM) platform hosted by New York Power Authority (NYPA);
- Installing "smart meters" in 11 buildings;
- Including a NYEM subscription in the FY2022 budget proposal; and
- Contracting with NYPA to provide energy audits at all 27 City-owned buildings.

The OAC has reviewed the Department of Administrative Services' (DAS) formal response to the audit and would like to address the comments noted in your responses to Recommendations 1.1, 1.2, 2.1, 3.0, 4.0, and 5.0. Please find the OAC's final responses below.

Recommendation 1.1 Response:

The OAC is aware the Junior Analyst (Analyst) position was created to alleviate utility billing issues, however the major areas of concerns outlined in the audit revolve around the management and monitoring of utilities. The OAC would like to point out the important distinction between the billing associated with the City's utilities and the ongoing management and monitoring of these utilities. Both of these responsibilities are essential and require a substantial amount of time and attention. The OAC would also like to point out the utility billing process is in itself a full-time job. As indicated in the audit report, the OAC's analyst processes the billing for 1,129 City utility accounts. This currently entails troubleshooting utility issues with vendors, assembling voucher packets, auditing the voucher packets, and tracking utility expenses. Further, it is also important to note, the said Analyst position does not include any of these responsibilities in the existing Analyst job description. It is the OAC's current assessment that while a prior decision was made that an Analyst in the OAC would take on the City's utility billing responsibilities, the practicality of such an arrangement was not well thought out. Additionally, there was potentially miscommunication with the administration about the separate responsibilities of processing utility bills versus the management of utility accounts. It is our position that OAC's Analyst does not have the capacity to perform the full-time responsibilities of an analysts (per the job description), process the City's utility billing and manage the City's utility accounts. As a result, OAC strongly recommends the Administration consider hiring a Utility Manager as soon as possible.

In summary, while hiring the Analyst improved the turnaround time for standard utility bill payments, audit findings illustrate a continuation of delayed utility payments and ongoing disruption of service notices due to gaps in departmental oversight and the lack of consistent utility management. While the OAC handles the processing of utility bills, departments (and/or if hired, the Utility Project Manager) should monitor and manage their respective utility accounts. As noted in the audit, OAC can continue to process utility bills, but departments and the Administration need to be more engaged in the management and monitoring of the City's utilities. DAS' support of Recommendation 1.0 should assist in this matter.

Recommendation 1.2 Response:

The OAC will research best practices and provide DAS a resource guide that will assist with implementing a quality control process. Additionally, the OAC will provide a memorandum that highlights areas of concern and how the identified resource guide can be applied.

Recommendation 2.1 Response:

The OAC welcomes the responsibility of generating annual utility expense trend reports and is willing to train primary and back-up contacts within the departments on the process. Additionally, the OAC appreciates DAS' receptiveness to exploring the recommendation of hiring a full-time Utility Project Manager. The OAC would also be willing to train the Utility Project Manager, if hired.

Recommendation 3.0 Response:

As referenced in the audit, vendors such as Verizon and Constellation are eager to provide training webinars for departments. Given the OAC's existing relationship with the various utility vendors, OAC can facilitate a meeting between vendors and designated primary and back-up contacts within

the departments and take the lead on convening an initial training. Furthermore, OAC will ensure the training is recorded and archived for interested parties.

Recommendation 4.0 Response:

The OAC would like to reference the note associated with *Figure 3. Board of Estimate & Apportionment Approved Budget Transfers, 2016*-2020*, where OAC acknowledges the argument DAS made in their response. We recognize that budget modifications are common practice for City Departments, including in the area of utility expenses. While the City's overall energy budget has been on track in the past, external and internal factors can contribute to increases in utility bills at the account level which ultimately impact the City's overall utility account budget. Based on OAC's experience with the City's utility billing, we feel strongly that assessing trends on a general ledger account basis will lend itself to improved outcomes for the City's overall utility budget.

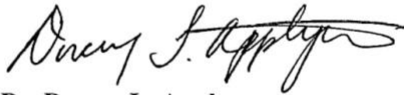
The OAC agrees an annual meeting to discuss utility expenses and energy usage is satisfactory. Additionally, OAC also recognizes the value in including National Grid in some of these meetings.

Recommendation 5.0 Response:

The OAC is appreciative of Information Technology's (IT) cooperation and looks forward to collaborating on the completion of an enhanced ITS Termination Checklist.

The OAC is amenable to editing the existing ITS Termination Checklist to include explicit questions that will assist department managers and IT in verifying all City-issued devices are collected. The modified Information Services Termination Checklist will be shared with the Chief Information Technology Officer for final review and approval.

Thank you,



Dr. Dorcey L. Applyrs
Chief City Auditor
Office of Audit and Control
City of Albany, New York

APPENDIX B: FINDINGS AND RECOMMENDATIONS

The table below is a list of findings and recommendations noted in the report. Along with each finding, a suggested timeframe for the City to implement the recommendation(s) has been designated and the required resources to aid the City in implementing each recommendation.

Each designation is defined as:

- Short-term: Implementation is to be completed within 3 months.
- Medium-term: Implementation is to be completed within 1 year.
- Long-term: Implementation is to be completed within 2 years.

The resource categories are listed as follows.

- Funding
- Training
- Personnel
- *Technology
- Research and analysis
- Policy
- Community outreach
- Organizational change

*Technology includes physical technology, software, and IT resources and refers to new purchases, changes, and upgrades.

Finding No.	Finding	Recommendation	Suggested Timeline	Required Resources
1	City departments are not engaged in the monitoring and management of utilities to the extent needed, resulting in a track record of delayed utility payments, ongoing disruption of service notices and an instance of a disruption to an emergency service.	<p>Recommendation 1.0: Identify a primary and back-up contact for each department, who will be responsible for the oversight and management of their department's utilities. The primary contact for each department should work in partnership with a City employee(s) hired or designated to manage utilities in a centralized fashion across departments. The department designee should work in partnership with the Utility Project Manager to monitor and verify expenses, identify the need for new service lines and recommend opportunities to streamline the voucher processes and find savings.</p> <p>Recommendation 1.1: Hire a full-time employee (Utility Project Manager), whose primary responsibility is managing and providing oversight to the City's Utility, Internet, and Cellphone services in partnership with employees across departments.</p> <p>Recommendation 1.2: Develop a formal quality control review process to help identify missed payments and staff training needs. The formal process would also ensure all parties involved in the processing of vouchers are alerted of any account additions, deletions, or upgrades.</p>	Medium-term	Personnel, training, organizational change, research and analysis

2	<p>The process of adding and upgrading service lines is not standardized across City departments resulting in ambiguity with the management of accounts.</p>	<p>Recommendation 2.0: Develop a standardized process to add or upgrade service lines for all departments. Standardizing this process through the development of a formal policy would decrease the potential for ambiguity and clearly establishes a formal process for department staff when adding or upgrading service lines.</p> <p>Recommendation 2.1: Annual utility expense trend reports should be generated and reviewed to inform departmental budget expenses and the need for adding or removing accounts</p> <p>Recommendation 2.2: In the absence of a hired Utility Project Manager, processing of utility bills should be a collaboration between OAC and City departments' point of contacts. A comprehensive and accurate record of utilities should be maintained, including when service accounts are opened and by whom. OAC or the department's point of contact who is responsible for processing utility bills should be notified when a new account is created, disconnected, or upgraded.</p>	Medium-term	Policy, training, research and analysis
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3	City departments do not possess a thorough understanding of how to access information pertaining to their utility accounts	Recommendation 3.0: Each City department's point of contact should be trained on how to access their utility accounts and monitor usage and service payments. Vendors such as Verizon and Constellation have shared an interest in providing training via webinars on accessing account information and running utilization reports. In the absence of a hired Utility Project Manager, a designated city employee should coordinate these trainings for designated employees in each department managing utilities.	Short-term	Policy, training
4	While a majority (71%) of City departments were able to stay within their respective utility budget during the audit period, 29% needed substantial budget modifications to pay for utility expenses.	Recommendation 4.0: Staff designated to manage utilities in each department should meet with a representative in the Budget department and City Energy Manager on a quarterly basis to review expense trends from previous quarters to better understand utility utilization.	Short-term	Policy
5	City departments are unclear of the established protocols for collecting City-issued devices such as cellphones, tablets, and/or laptops upon an employee's termination or retirement.	Recommendation 5.0: To ensure all City-issued equipment is returned upon separation from employment, the City should modify the existing Information Services Termination Checklist to explicitly collect information from an employee's supervisor as to the employee's possession of a cellphone, tablet and/or laptop. Additionally, the section should provide guidance on next steps, such as how to return the device to IT, how to re-allocate the device to another employee, or how to store the device for a future	Short-term	Training, policy

		hire without accruing service charges. In situations where an employee's termination is effective immediately, the employee's buyout should be withheld until the checklist is completed and all City-issued property is returned or fully reimbursed.		
6	The majority of departmental staff stated they were unaware that the City hired an Energy Manager and as a result are unclear of the Manager's role.	Recommendation 6.0: The Energy Manager should contact each of the City departments' point of contacts for utility management as a means of formal introduction and to discuss roles and responsibilities. The Energy Manager should also be invited to attend quarterly meetings with the department's point of contact for utility management, a Budget Department representative and the Utility Project Manager (if hired). These quarterly meetings should entail discussions on energy utilization and opportunities to reduce costs and expand sustainable energy options such as solar power	Short-term	Training

7	<p>The City continued to pay all operating expenses, including utilities, through 2020, for a building (45 Lark Street) it owns but does not occupy despite findings and recommendations cited in a 2018 OAC audit report.</p>	<p>Recommendation 7.0: The City should continue to ensure that all City owned property occupied by non-City tenants should have a formal contractual agreement with appropriate liability insurance coverage. Additionally, the City should institute a mechanism to track and annually review all City owned properties, utility services at each property, G/L account information, and whether the space is occupied by a non-City entity.</p>	Short-term	Policy
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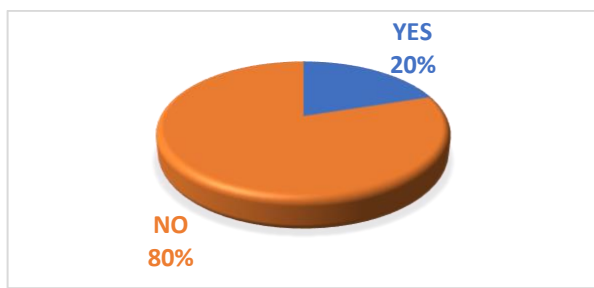
APPENDIX C: UTILITY, INTERNET, AND CELLPHONE USAGE SURVEY QUESTIONNAIRE AND RESULTS

The Office of Audit and Control is conducting a survey to better understand your Department's utility, internet, and cellphone usage. The survey should take no longer than 10 minutes to complete and all responses are confidential. Thank you for your assistance.

General Questions

1. Currently, does your department have equipment, such as cellphones, laptops and/or tablets that are not being used?

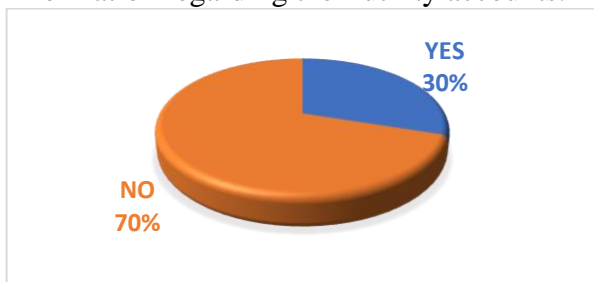
Eighty percent (80%) of City department survey respondents indicated their department does not have equipment not being utilized, while 20% indicated they do have equipment not being used.



Utility Usage Questions

1. Do you know how to access information pertaining to your utility (electricity, gas, and/or solar) accounts?

Seventy (70%) percent of survey respondents indicated they do not know how to access information pertaining to their utility accounts while 30% indicated they do know how to access information regarding their utility accounts.

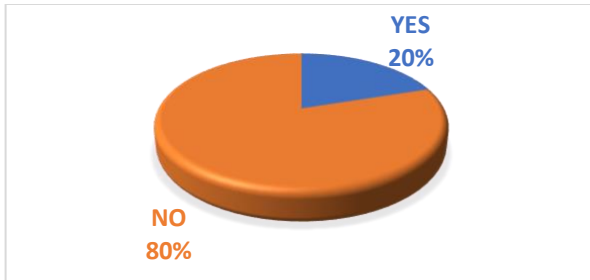


2. If you answered yes to the previous question, please briefly explain how you access this information?

There were no responses to this question.

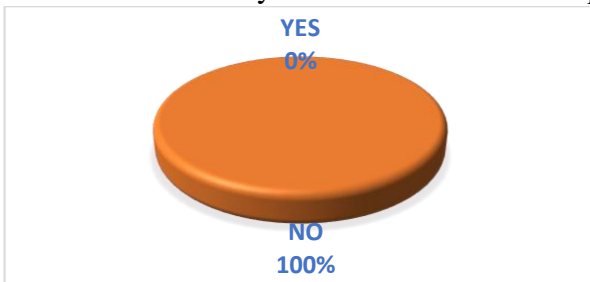
3. Is someone within your department responsible for the oversight of utility (electricity, gas, and/or solar) usage?

Eighty percent (80%) of survey respondents indicated their department does not have a designated person responsible for the oversight of utility usage, while 20% indicated they do have someone responsible for managing utility usage.



4. Are multiple staff members within your department permitted to add or remove utility (electricity gas, and/or solar) accounts?

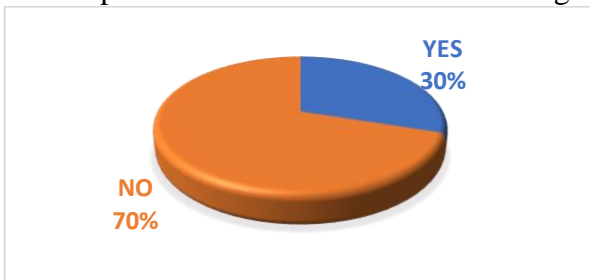
All (100%) survey respondents indicated they do not have multiple staff members permitted to add or remove utility accounts within their department.



****Please note, other data sources revealed data contrary to these responses.***

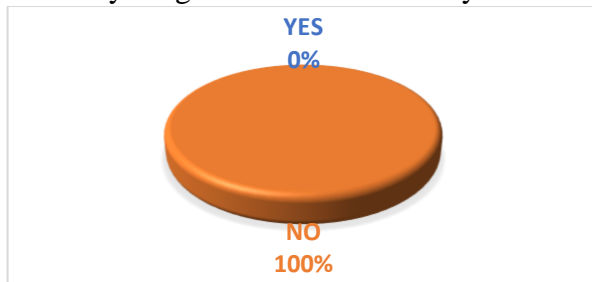
5. Is someone within your department responsible for monitoring expenses related to utility (electricity gas, and/or solar) usage?

Seventy percent of survey respondents indicated they do not have someone responsible for monitoring expenses related to utility usage, while 30% indicated they do have someone within their department accountable for monitoring utility usage.



6. Has your department overspent on funds budgeted for utility (electricity gas, and/or solar) usage in the last calendar year?

All (100%) survey respondents indicated their department did not overspend on funds budgeted for utility usage in the last calendar year.

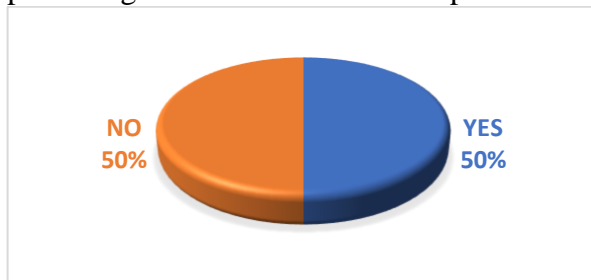


**Please note, other data sources revealed data contrary to these responses.*

Internet and Cellphone Usage Questions

1. Do you know how to access information pertaining to your internet and cellphone accounts?

Half (50%) of the survey respondents indicated they know how to access information pertaining to their internet and cellphone accounts, the other half indicated they do not.

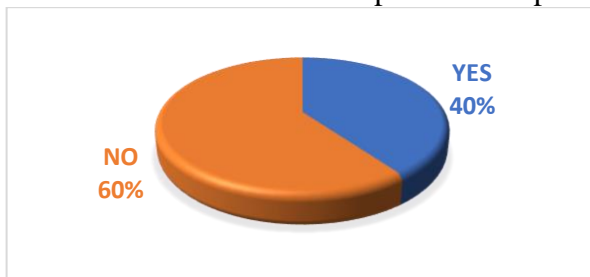


2. If you answered yes to the previous question, please briefly explain how you access this information?

There were no responses to this question.

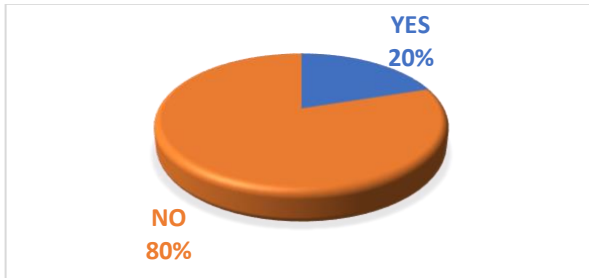
3. Is someone within your department responsible for the oversight of internet and cellphone usage?

Sixty percent (60%) of survey respondents indicated they do not have someone within their department responsible for the oversight of internet and cellphone usage, 40% indicated they do have someone within their department responsible for managing internet and cellphone usage.



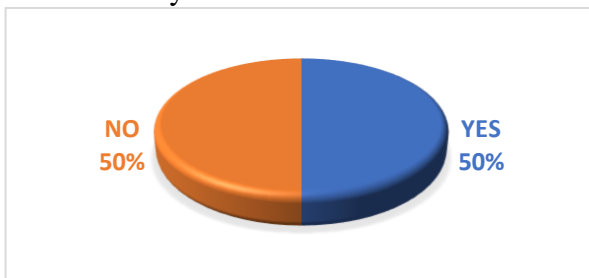
4. Are multiple staff members within your department permitted to add or remove internet and cellphone accounts?

Nearly all (80%) survey respondents indicated their department does not have multiple staff members within their department permitted to add or remove internet and cellphone accounts, 20% indicated they do have numerous staff members authorized to add or remove internet and cellphone accounts.



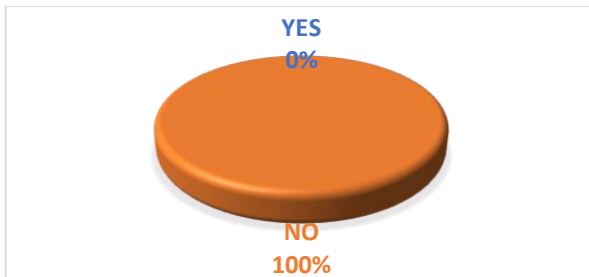
5. Is someone within your department responsible for monitoring expenses related to internet and cellphone usage?

Half (50%) of survey respondents indicated they have someone within their department responsible for monitoring expenses related to internet and cellphone usage, the other half indicated they do not.



6. Has your department overspent on funds budgeted for internet and cellphone usage in the last calendar year?

All (100%) survey respondents indicated their department did not overspend funds budgeted for internet and cellphone usage in the last calendar year.



**Please note, other data sources revealed data contrary to these responses.*

CONTACT

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